

PROSPECTUS

ISSUE OF Lm10,000,000 5.1 PER CENT MALTA GOVERNMENT STOCK 2014 (THIRD ISSUE)

FUNGIBILITY ISSUE

(Subject to an Over-Allotment Option as described below)

**Authorised under the Budget Measures
Implementation Act, 2005
(Act No II of 2005) and the Local Loans
(Registered Stock and Securities) Ordinance,
Cap. 161**

**Price of Issue Lm105.5 per Lm100 nominal
(Which corresponds to a gross redemption yield of 4.27%)**

1. APPLICATIONS

- a. Applications open on Monday 24th July 2006 at 8.30am and close at 12.00 noon on Thursday 27th July 2006 or earlier at the discretion of the Accountant General.
- b. All applications are to be made in multiples of Lm100 on the prescribed form.
- c. Application forms may be obtained from, and lodged at, all Members of the Malta Stock Exchange and other authorised Investment Services Providers.
- d. Applications by any single and/or joint applicants, which in the aggregate must not exceed Lm50,000 per person, shall be at a premium of 5.5% (105.5). Applicants under this category are precluded from bidding also under paragraphs (e) and (f) below.
- e. Applications by any single applicant, which in the aggregate are over Lm50,000, but do not exceed Lm250,000, shall be in the form of sealed bids for a minimum of Lm50,100 each. Applicants under this category are precluded from applying also under paragraphs (d) and (f).
- f. Applications by any single applicant, which in the aggregate exceed Lm250,000 shall be in the form of sealed bids for a minimum and multiples of Lm250,000 each. Applicants under this category are precluded from applying also under paragraphs (d) and (e).
- g. Bids on the prescribed forms are to be deposited at the Treasury Tender Box or transmitted by fax on 25967210.
- h. Applications by minors will only be accepted if signed by a legal guardian.
- i. Applications in the name of 'Nominee a/c' and/or 'Clients a/c' will only be accepted if accompanied by lists of their respective clients.

- j. All applications will be irrevocable after closing time.
2. ALLOTMENT POLICY: Allocation of Stock will be made in the following order:
- a. Applications by auction will be considered after applications at Lm105.5 per Lm100 nominal are exhausted.
 - b. In the case of over-subscription by applicants under paragraph 1d, allotment will be effected proportionately to the amount of the applications made.
 - c. Bids at the last rate accepted, by more than one applicant will be allotted in proportion to the amount of the bids.
 - d. Any amount allotted to the Government Funds will be at the cut off rate.

3. OVER-ALLOTMENT OPTION

The Accountant General reserves the right to issue further Stocks to meet applications for subscriptions up to, and not exceeding, the aggregate amount of an additional Lm9,250,000.

Refunds of applications, which are not wholly allotted, will be effected before the issue of the relevant Registration Advices. Such refunds will be paid by direct credit in the account indicated for the payment of dividends.

4. PAYMENT OF DIVIDENDS (Interest)

- a. Dividend (interest) is payable half yearly in arrears on the 6th day of January and the 6th day of July during the tenure of the Stock.
 - b. The first pro-rata payment covering the period from the 2nd August 2006 to the 6th January 2007 will be made on the 6th January 2007.
 - c. Payment of dividend (interest) will be made by direct credit to any branch of any local bank as advised on the application form.
 - d. In cases where Stock is registered in the name of two or more persons as joint stockholders, payment will be made to the person whose name appears first in the register.
5. The Accountant General reserves the right to issue, in future, additional amounts of the present Stock in further tranches. In the event of such further issues these will be integrated with the existing Stock.

6. REDEMPTION OF STOCK: The Stock shall be redeemed at par on the 6th July 2014.

7. SECURITY: The Stock and dividend thereon will be a charge on the General Revenue and Assets of the Government of Malta.

8. TRADING ON THE MALTA STOCK EXCHANGE

a) Pursuant to the Financial Markets Act, Cap. 345, an application has been submitted to the Listing Authority for the bonds to be admissible to listing and to the Malta Stock Exchange for the bonds to be admitted to its Official List.

b) On the 7th January 2007, after the payment of the first dividend, this Stock will be integrated with the existing issue 5.1% Malta Government Stock 2014(III) and shall thereafter both be deemed to be one Stock.

9. RELEVANT LEGISLATION: The Budget Measures Implementation Act, 2005 (Act No. II of 2005), the Local Loans (Registered Stock and Securities) Ordinance, Cap.161, and directives by the Minister of Finance under article 4 (1) (a) of the said Ordinance, the Local Loans (Registered Stock) Regulations, 1959.

Note: The value of the investment may go up and/or down during the tenure of the stock.